

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
(DETROIT)**

In re:)
)
CITY OF DETROIT, MICHIGAN,) **CASE NO.: 13-53846**
)
)
Debtor.) **CHAPTER 9**
)
)
) **Hon. Steven W. Rhodes**
)

**JOINDER OF THE AD HOC COMMITTEE OF DWSD BONDHOLDERS TO THE
DWSD BOND TRUSTEE'S RESPONSE TO MOTION
OF THE CITY OF DETROIT WATER & SEWERAGE DEPARTMENT
FOR AN ORDER, PURSUANT TO 11 U.S.C. § 105, AMENDING AND
CLARIFYING THE FEE REVIEW ORDER DATED SEPTEMBER 11, 2013**

The Ad Hoc Committee of DWSD Bondholders (the “**Ad Hoc Committee**”)¹ for those certain bonds (the “**DWSD Bonds**”) issued by the City of Detroit (the “**City**”) for the Detroit Water and Sewerage Department (the “**DWSD**”) to (a) finance and refinance improvements to the City’s Water Supply System (the “**Water System**”) and (b) finance and refinance improvements to the City’s Sewage Disposal System (the “**Sewerage System**,” together with the Water System, the “**Systems**”), hereby files this joinder (the “**Joinder**”) to the *Response to Motion of the City of Detroit Water & Sewerage Department For an Order, Pursuan to 11 U.S.C. 105, Amending and Clarifying the Fee Review Order Dated September 11, 2013* (Doc. 4323) (the “**Trustee’s Response**”), filed by U.S. Bank National Association, in its capacity as trustee for the DWSD Bonds (the “**Trustee**”).

¹ The Ad Hoc Committee members are Fidelity Management & Research Company, Eaton Vance Management, Franklin Advisers, Inc., Nuveen Asset Management, and BlackRock Financial Management, Inc.

The Ad Hoc Committee joins in the Trustee's Response. The Trustee, in coordination with the Ad Hoc Committee and the insurers of the DWSD Bonds, has been extremely active in these cases, which would not be necessary but for the fact that the City is substantially impairing approximately \$5.7 billion of oversecured revenue Bonds under its rehabilitation plan. The Trustee is playing a critical role in protecting the interests of the DWSD Bonds, as has been evidenced by the Trustee's numerous and well-reasoned pleadings and its court appearances. The Trustee's retention and use of active counsel, a financial advisor and potential expert witnesses for the coming confirmation trial are necessary and reasonable expenses that are supported by the Ad Hoc Committee.

While the DWSD may not like the fact that the Trustee must expend fees in order to protect the interests of the DWSD Bonds (and, as required under the Bond documents, use the Systems' revenues to do so), the Bond documents require payment of the Trustee's legal fees and expenses from the Systems' revenues. (*See* Bond Ordinance, Section 20(b); Bond Indenture, Section 6.02). Failure to pay such amounts constitutes a breach of the Bond Ordinance and the Bond Indentures.

While the DWSD may view the Trustee's fees and expenses as "unreasonable", the Trustee's duties do not run to the DWSD, but rather to the holders of the DWSD Bonds. As holders of the DWSD Bonds, the Ad Hoc Committee believes that the Trustee's fees and expenses are reasonable and necessary. In addition, the Trustee has agreed that it will permit its fees to be reviewed prospectively by the fee examiner. This is a sensible solution to address any concerns that the DWSD could have, while still ensuring that the Trustee can continue to perform its necessary duties while having court-appointed oversight with respect to its costs.

In furtherance of this Joinder, the Ad Hoc Committee adopts and relies on the authorities cited by the Trustee in its Response.

Respectfully submitted this 1st day of May, 2014.

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing *Joinder to the DWSD Bond Trustee's Response to the Motion of City of Detroit Water & Sewerage Department for an Order, pursuant to 11 U.S.C. § 105, Amending and Clarifying the Fee Review Order Dated September 11, 2013* was filed and served via the Court's electronic case filing and noticing system to all parties registered to receive electronic notices in this matter, this 1st day of May, 2014.

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